

B-21.09

Blueline Printing's board of directors was presented with the following information about operations for an upcoming three-month period. The board desires to declare a dividend at the end of June, but still maintain cash on hand of \$250,000. Blueline began April with \$75,000 of cash on hand. Prepare a cash budget, and determine how much cash will be available for the dividend? Is there any apparent risk associated with the dividend plan?

	April	May	June
Customer receipts	\$ 700,000	\$ 750,000	\$ 800,000
Cash paid for direct materials	200,000	222,000	265,000
Cash paid for direct labor	245,000	265,000	300,000
Factory overhead*	140,000	145,000	154,000
SG&A**	86,000	89,000	83,000
Taxes	15,000	18,000	16,000
Equipment purchase***			500,000

* Includes depreciation of \$100,000

** Includes depreciation of \$25,000

*** Equipment purchase to be paid for in July